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HUMAN EVENTS

Vol. XVI, No. 47 Wednesday, November 25, 1959 Washington, D. C.

THE LIBRARY STATE COLLEGE WISCONSIN

News Section

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Rocky Reception: The barefoot boy from the foundations came away from California with frostbite of the big toe—such is the consensus of Coast opinion now that the political smog has lifted and newsmen get a clear picture of Nelson Rockefeller's Western invasion.

Although Rocky carefully posed for newsmen with supporters bearing pro-Rockefeller placards, it was evident from the first that the New York Governor was getting anything but an affectionate bear hug from many Coast politicos and citizens who obviously resented the high pressure visit of the Easterner.

Although Rockefeller's receptions in San Francisco and Los Angeles were well planned and well received, the chilly fact remains that GOP Coast politicos, beholden to Dick Nixon before the visit, are by no means sold on Rockefeller as a sure-fire vote puller now that they've seen him. Not only has this mood of political followers swung from "Nixon can't win" to "Nixon certainly can win," but after the tour veterans of the political wars are wondering whether Nelson could make it if nominated. At any rate most sources felt that Rockefeller was as far from winning the nomination after leaving California as he was before departing for there from Albany.

Yet with this good news for the Nixon forces, Kyle Palmer, of the Los Angeles *Times*, most important political scribe on the West Coast, reminded all that the golden steamroller is far from out of oil.

In the November 15 *Times*, Palmer wrote: "The Rockefeller family quite evidently considers itself, so to speak, in the act. Rockefeller banking interests, Rockefeller business accounts, Rockefeller legal associations have been enlisted in Nelson's behalf.

"Here in San Francisco a prominent legal attorney told me he received a telephone call from a New York lawyer during which he was asked to furnish the Manhattanite with the names of persons out this way who don't like Nixon.

"The infiltration potentials of the great Rockefeller empire are so great and the empire's capacity for exerting influence so vast, Nelson Rockefeller may well have much more extensive reasons for optimism in his current adventure than the ordinary citizen could imagine."

Along Diplomatic Row: "General de Gaulle has saved the neck of the GOP" is one comment frequently heard among foreign ambassadors stationed in Washington. These diplomats reason that Secretary of State Herter's "nice to Khrushchev" policy, which has replaced the Dulles policy of firmness against the Communist world conspiracy, would by this time have been undermining the popularity of the Republican Administration—if it had not been for de Gaulle. The French leader, speaking for Western Europe (except Britain), moved in and grasped the sceptre which fell from the dying Dulles' hands.

The General talked tough to Khrushchev, insisted on postponing any summit meeting until late next spring and imposed all of the qualifications on such a meeting which Mr. Dulles had insisted upon for years. As things stand now, there seems little likelihood that any summit meeting—pleasing to Khrushchev and conversely unpopular in the American political scene—will be held before the election next year. Perceptive GOP leaders here privately utter thanks to "Big Charlie."

The foreign diplomats express astonishment at the failure of US commentators to publicize the contrasting methods of de Gaulle and Herter in dealing with Soviet Russia. The American Secretary of State has reduced the prestige of the US round the world as a result of his appeasement of the Russian dictator. On the other hand, the French president—by a tough, firm policy in dealing with Moscow—has won a big diplomatic rubber.

All over Europe, it is noted that not only did de Gaulle get what he wanted (postponement and perhaps even elimination of a summit meeting), but he also forced Khrushchev to bow to the power of France on the Algerian problem. All European chanceries were amazed to note further that the Russian Communist czar suddenly came out supporting de Gaulle's handling of the rebellious African possession, and surprisingly agreed that sending arms to the Algerian rebels should cease. Firmness pays!

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● It is now reported privately along Diplomatic Row that Presidential candidate Lyndon Johnson of Texas has been a factor in the Cuban debacle. The State Department functionary, to whom has been popularly assigned the responsibility for allowing Red Dictator Castro to take over power in Cuba, is Roy Rubottom, head of the Bureau of Inter-American Affairs.

He is a Texan and friend of Senator Johnson, majority leader of the Senate. Recently, Nervous Nellies in the State Department sought to have Rubottom assigned to an ambassadorship in Southeastern Asia, to get him out of the country, when and if congressional exposures of the lurid State Department policy on Cuba come out. But Senator Johnson's office warned State not to transfer Rubottom. Diplomats conclude that powerful Texas interests are prepared to protect Rubottom.

● Secretary of State Herter really meant it, when he said the US should take a neutral position in the developing conflict between India and Red China—according to State Department sources. The Secretary is said to be convinced of the necessity of eventually recognizing the Red Government in Peiping, although he says that "at present" the US policy of non-recognition is "correct." Not being a suave and clever diplomat, Herter expressed his intention, which is to let Red China dominate the Orient. Naturally, when critical clamor arose in the press on behalf of India, Herter had to issue a statement saying his first statement was purely legalistic. But few in the State Department believe that second statement.

Out of the Mouth of COPE: The November 16 issue of the "Political Memo from COPE," labor's political hatchet arm in the country, recognizes one of its most effective enemies:

> **"Perhaps the biggest danger raised in the November 3 elections was the victory of Bracken Lee, former governor of Utah, to be mayor of Salt Lake City. Lee defeated COPE-supported Bruce Jenkins with 55 per cent of the total vote, polling 33,000 votes to Jenkins' 27,000 . . . he is very, very dangerous."**

Taxes: The House Ways and Means Committee has opened hearings for the purpose of finding a way to relieve the American people from "inordinately high" income tax rates. One of the most impressive lead-off witnesses was Roswell Magill, president of the Tax Foundation and former Under Secretary of the Treasury.

Magill advised the Committee that every tax proposal should be measured against one vital test: "Does it remove or lower some barrier to essential economic growth?"

The witness testified that a reduction in the surtax (soaking the rich) rates is most urgently needed. "If all the higher rates above 20 per cent were eliminated," he said, "we would lose only 13 per cent of present revenue . . . ." Magill concluded that the present tax structure is not only inequitable, but is "damaging to personal incentives" which stimulate economic growth.

Steel Impasse: A timely report by the Joint Congressional Economic Committee should cool down some of the "compulsory arbitration" enthusiasts who have been screaming for further Government intervention in the steel dispute. Entitled "Steel and Postwar Inflation Study," the report states that Government intervention in three of the four bargaining crises since World War II was a major factor in pushing steelworkers' wages up to their present extraordinarily high scale.

Authors Otto Eckstein and Gary Fromm conclude that "there can be little doubt that the effect of Government has been to increase the rate of increase of wages." And there can be little doubt—say Washington observers—that these wage hikes and resulting higher steel prices have been major causes of our problem of inflation.

● *Meanwhile, Senator Barry Goldwater (R.-Ariz.) blasts United Auto Workers' boss Reuther for perpetuating the steel strike at the cost of jobs to the latter's own UAW members. Goldwater opines that Reuther's $1 million gift to the steelworkers was designed "to keep the strike going."*

The Arizonan doubts whether the gift reflected the wishes of the automobile workers "in view of the fact that the steel strike has thrown thousands of auto workers out of work."

Morris Announces: Former Senate Internal Security Subcommittee chief counsel Robert Morris, well known for his tireless and effective work in combatting communism, last week announced his candidacy for the US Senate seat now held by New Jersey's Clifford Case, one of the top "liberal" and ADA favorites in either party.

Morris has considerably increased his support since, operating on a shoestring in his first campaign for the Republican Senate nomination in 1958, he received 20 per cent of the vote in a three-way race.

In announcing his candidacy, Judge Morris stated: "Most of the Nation's present day problems, including excessive taxation, proceed from the twin threats of inflation and rising Soviet power. New Jersey's representation in the United States Senate is not generating the necessary urgency on these great issues."

(To know more about Judge Morris' opponent see Finis Farr's article, "Hopeless Case," in HUMAN EVENTS for November 18, 1959.)

"Security Risk": An Agriculture Department employee has regained his job through the decree of a Federal judge after being fired 5½ years ago—because he only made *safe* loans to farmers!

This bizarre situation came to light when District Judge Edward M. Curran ordered the Department to reinstate Kenyon B. Zahner in his post in the Farmers Home Administration. Zahner was fired in 1954 because, as the Civil Service Commission Board of Appeals put it, "In the Farmers Home Administration the emphasis is

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entirely on aid to borrowers, and the safety of the money is secondary . . . . You lack specialized knowledge of the use of loans as one method which must be coordinated with other methods for the rehabilitation of borrowers." Washington observers, translating the Civil Service gobbledygook into English, rephrase it, "Zahner was fired because he tried to make sure that the loan program would be just that, and not a giveaway at the taxpayers' expense. He was a 'security risk' to the bureaucrats, and they got rid of him."

Judge Curran held that this basis for firing Zahner was "arbitrary, capricious and of no legal efficacy."

Electoral Reform: Senator Strom Thurmond (D.-S.C.) is launching anew the effort to modify the electoral college system of choosing Presidents and thus reduce the disproportionate power of the larger states—as advocated in HUMAN EVENTS frequently during the last decade.

Senator Thurmond and Senator Karl Mundt (R.-S.D.) have championed this drive in the Senate for several years—coming close in 1957 to the two-thirds majority needed for constitutional revision. The need for such reform has long been obvious to serious students of the American political scene, who point out, with Senator Thurmond, that under the present system, the heavy concentration of persons voting as minority and racial blocs in the large cities makes it possible for a relatively few people in New York, Chicago, Philadelphia, Detroit, etc., to control great numbers of electoral votes—and that a candidate getting 50.1 per cent of the votes in each of the twelve largest states automatically wins, regardless of whether he gets even one vote in any other state. Senator Thurmond says this "winner-take-all feature" should be abolished.

The most thoughtful observers favor the Mundt-Coudert Plan, or something like it—in which each congressional district chooses one elector and two are named by the voters of the entire state, similar to the system of voting for Congressmen. Senator Mundt and Representatives Harold McSween (D.-La.) and Jamie Whitten (D.-Miss.) have already introduced resolutions to this effect which also provide safeguards to avoid gerrymandering of the districts. Other Congressmen have introduced a variety of other proposals to amend the electoral system (by having proportional distribution of electoral votes) or abolish the system completely—but these approaches are seen as less satisfactory than even the present system.

Latin America: If the members of the newly formed National Advisory Committee on Inter-American Affairs want to really find out how to improve Latin-American relations, they might consult the "Latin-American Events" newsletter.

The letter is published by Cuba's former ambassador to the United Nations, Dr. Emilio Nunez Portuondo, a Cuban patriot known for his anti-Batista and anti-Castro views.

Writes Portuondo after a recent swing through Latin-America:

" . . . the most far-reaching conclusion resulting from our visit is the clearly obvious fact that those friends remaining loyal to the USA have practically lost all faith in the United States of America as the world leader and defender of people south of the Rio Grande against the massive infiltration of international communism against whose tactics of economic warfare the Governments of Latin-America cannot fight alone. . . .

"The Government of Washington, they tell us, abandons us to our own fate, to meeting alone the colossal might of the Soviet Union and Communist China on the pretext of nonintervention in the internal affairs of other states . . . ."

Castro's "Che" Guevara, commanding officer of the Fortress of La Cabana, where anti-regime Cubans are executed almost daily, openly boasts of Red Chinese and Russian support, Portuondo contends. Says Che:

"The United States should not believe that in case they decided to attack the Government of Fidel Castro, they will be confronted only by Cubans. They will have to fight against soldiers from other great powers such as the Soviet Union and Communist China."

Cuba is a "Mecca" for Communists, Portuondo continues, and Russians, Chinese, Rumanians, Poles, and Hungarians leave Havana "armed with Cuban passports without, of course, any right to them."

The Communist device of confiscation without compensation, says Portuondo, will probably trigger "confiscation of all foreign property" in Latin America if no action is taken to stop it.

Cuba, he says, is now even planning the murder of the anti-Batista, anti-Communist journalist Ernesto de la Fe, sentenced to 20 years by the Castro regime for exposing Communist agents in Cuba. De la Fe, one of the most famous Latin-American journalists, is "forced to labor from sunup to sundown in the marble quarries of the penitentiary. Not only are the meals scanty, but they are full of dead rats and insects."

Portuondo concludes: "We are convinced that Latin America has become a zone of greater danger to the security of the United States than Berlin, Formosa and the captive nations of Central Europe . . . . It should not be forgotten that from any part of Cuba directed missiles can be launched against Cape Canaveral and the Pentagon in Washington."

Housing: Washington has been surprised at the switch executed by Norman P. Mason, head of the Federal Housing Authority. Mason, who less than six months ago was calling for more urban renewal, more public housing and more cost for the taxpayer, changed his tune almost completely in a recent speech.

Mason referred frequently to the Federal domination and accompanying red tape of the present programs, urged that local governments pay half the cost rather than one-third, and pointed out, "What too many local governments are grasping for are just more and more

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Federal grants—more and more of the US taxpayers' dollars."

Wages of Welfare: Students in Texas are now entitled to unemployment benefits when they are unable to find work during off-school hours, the Texas Employment Commission has ruled.

The Commission, in a case sparked by the AFL-CIO, overruled many of its previous decisions which denied jobless benefits to students solely because they were unavailable for jobs during so-called "normal" working hours of eight to five.

Far from benefiting students, however, it is believed this ruling will keep students from being hired at all during their summer vacations. In the unemployment compensation law, the employer's tax rate goes up or down by the amount of benefits collected by his ex-employees. Benefit payments are chargeable to his unemployment reserve account.

The obvious result is the employers will not hire students for the summer who will be entitled to unemployment compensation when they trot off to school in the winter.

Unsocialism

(From the Chicago *Tribune*)

The Social Democratic party of West Germany, carrying out its previously announced intention of abandoning Marxism, assembled the other day to adopt a new manifesto. This declaration calls for "free competition in a free economy," asserts that "private ownership of the means of production may justly claim the protection of society," and denounces a "totalitarian controlled economy."

The party, defeated in three successive elections, has hitherto been committed, thru its 89 year history, to the *Communist Manifesto* drafted by Karl Marx. The present party chairman, Erich Ollenhauer, informed the party congress, however, that if the Social Democrats stuck to to the tenets of Marx and Friedrich Engels, they would find themselves "reduced to a sect."

Ollenhauer said that all of the traditional claptrap of Marxism about the class struggle, dictatorship of the proletariat, social ownership, and hostility to religion was out of place in the world of 1959, and the party must keep in step with social and intellectual developments of the times.

"We cannot make ourselves understood using the language of past decades," he said. "The content of the program must be related to present social conditions."

It is incontestable, said Ollenhauer, that "pure nationalization no longer solves the problem of a maximum increase of production and the indispensable power to insure the common good."

Why this radical break with the past, which leaves behind the core of socialist doctrine and commits the reformed party to a political doctrine based on private property and parliamentary democracy? While political failure is at the root of the change, the failure itself is related to more basic factors. First is the signal success of the West German economy, which has moved to unprecedented prosperity under the stimulation of the comparative market freedom espoused by the Christian Democrats.

Second is the demonstrated lesson of what happens when Marxism is carried to its ultimate conclusion. That lesson is provided by the Soviet Union, which has shown that when the state is master of both the people and the tools of production, there is neither abundance nor liberty.

The example of the German Socialists will not be lost upon other collectivists who have come to a dead end. The British Labor party, also defeated in three straight general elections, is now engaged in intensive soul searching to discover where it can go. The German socialist movement points the way; India, Indonesia, the new nations of Africa, and—who can tell?—even the countries within the communist sphere could profit by clearing out the junk in the dialectical attic.

Of even greater usefulness would be the dawning of the same realization that has now assailed German Socialists among the disguised collectivists of the United States, who are less frank than the doctrinaire socialists abroad, but whose goal has been the same. It is to stifle incentive, extend government control in every direction, cripple the expression of choices thru the operations of the market, and center decision and power of control over the economy in a sprawling burocracy.

If these people had any mental vents whatsoever, they would accept the testimony of the German Socialists that the best reason for abandoning these methods is that they are obsolete and that they do not work.

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SECTION III

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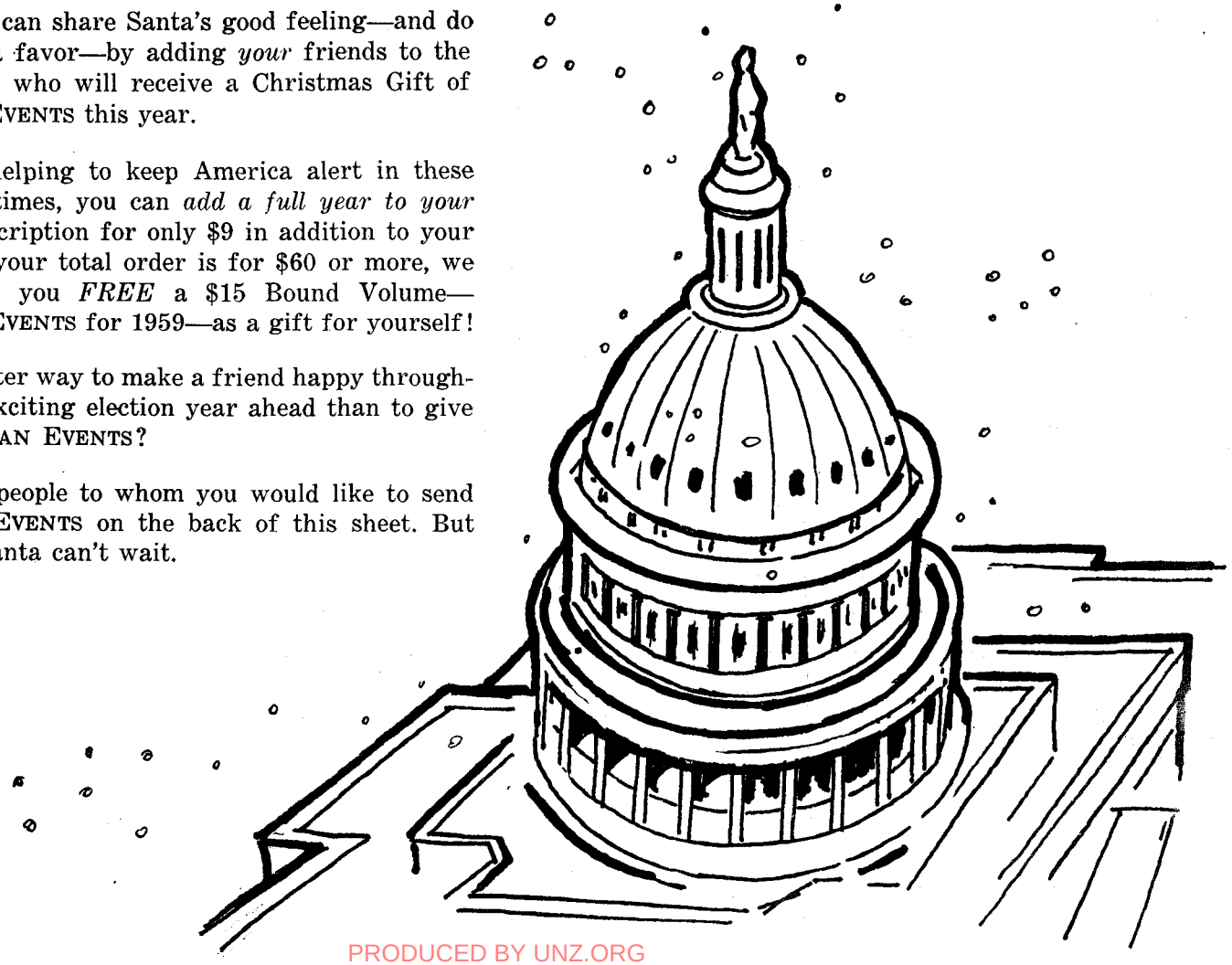

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What manner of man is Senator Jack Kennedy, frontrunner for the Democratic nomination? One way to judge is by the "Right to Loaf" bill which he has introduced. According to this bill, a person after earning as little as $1,770 can "become unemployed" and collect $2,301 in unemployment benefits. This, thinks Senator Kennedy, is the way to promote morality and raise production. Or perhaps Mr. All-Profile-and-No-Courage knows better but thinks he had to introduce the bill as a means of wooing Mr. Reuther's support for the Presidency.

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Article Section

Senator Kennedy's 'Right to Loaf' Bill

By FRANK CHODOROV

PERENNIALS GROW in the garden of Congress. Some bills have a way of showing up year after year, sometimes in the same form, sometimes with variations, and no known parliamentary insecticide can permanently root them out.

One such bill is the Kennedy-Karsten "Right to Loaf" bill. Its parents—the AFL-CIO—think it has a good chance of becoming law in 1960. Among its 30 senatorial godfathers are three frontrunners in the race for the Democratic nomination for the Presidency—Kennedy, Humphrey and Symington; the 1958 version of the bill carried the names of only 15 Senators. The House counterpart of the bill is sponsored by 125 members, against only 54 for the previous bill. Incidentally, 13 of the senatorial sponsors, and who knows how many Representatives, were supported in their election campaigns by the labor hierarchy. Despite these shock troops, the laborites failed this year, as they have in past years, but we can be sure they will be back with their pet measure next year; it's a perennial.

The bill is an integral part of union-Socialist ideology and therefore a plank in the unwritten platform of the Democratic party—aimed "to provide unemployment insurance grants to states, to revise, extend and improve the unemployment program and for other purposes." We will look into the "other purposes" when we discuss the reason why the unions are anxious to have this law. But first, the Kennedy-Karsten measure.

During the quarter century since the enactment of the first unemployment insurance law, the original plan has been "liberalized"—meaning that the weekly stipends for not working were increased, that the conditions were eased so that more and more people could draw upon the fund, that they could draw for more and more weeks. The Kennedy-Karsten bill is another "liberalizing" effort.

From the beginning unemployment compensation has been a Federal-state program. The function of the Federal Government has been to collect the taxes (of .3 per cent) for administrative expenses. A state has this choice: It can collect what it needs in state taxes on employers to finance the benefits, giving employers variable rates according to their experience. Or it can do without the state tax, and without the U.C. benefit program—though none has done so—and instead let each employer pay 2.7 per cent more in Federal taxes for a total of 3 per cent. It is this 2.7 per cent Federal tax, so far never collected, which is the club over each state to insure compliance with a few requirements now in Federal law.

THE TERMS OF PAYMENT to beneficiaries are set by the states. Each state has its own rules: as to qualifications for handouts, the number of weeks of entitlement, how long after being disengaged the claimant must wait before his claim can be allowed, the ratio between earned wages

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and unemployment compensation, what constitutes legitimate unemployment, and so on.

The present law gives the state the right to make tax concessions to those employers who show a consistently low rate of unemployment. The purpose of this provision is to encourage employers to hold their workers on the payroll as permanently as possible. Unions charge that some states have used their power to make compensation unemployment taxes low in order to attract industry away from high-rate states. Since the high-rate states are those in which the unions are particularly strong, they have resented the possible use of this tax-gimmick to raid the territories they control. The K-K measure would tend to abolish this differential; all employers may be taxed at the same rate, regardless of their employment experience.

Most of the "liberalization" of unemployment insurance has been done by state legislators, and it is significant that the Legislatures of those states in which the unions exert the most political power have been the most "liberal." The labor bosses have consistently urged the federalization of the entire program, so that they could effect the "liberalization" they so urgently want; it is easier to work on one central agency than on 50 different state bodies.

That is what the K-K bill would do. If enacted, this measure would strip the states of nearly all jurisdiction over the unemployment insurance program, in effect reducing them to mere dispensing agencies for the Federal Government. The measure sets up minimum and mandatory standards for all states; about the only leeway permitted to the states is authority to exceed these minimums, which they would be inclined to exercise because of a provision in the act of drafts on the Federal treasury.

THE 'MINIMUM' STANDARD to be provided for weekly benefits is a two-sided fence. Up to the maximum, a state must provide at least half-pay. This is quite generally done now. In addition, the maximum must be kept adjusted to be at least two-thirds of the state average wages. Among the states, only Hawaii has provided benefits this high, and Hawaii does not provide the required automatic annual adjustment. California, which now pays $55—$10 higher than any other state—would fall several dollars below the standard.

No state, under the proposed law, could terminate the payments until the claimant had been paid for 39 weeks of unemployment. At present the number of weeks of entitlement varies from state to state, and most states pay various claimants in proportion to their record of past work history or earnings. No state measures up to the 39-weeks-for-all requirement. To qualify for these greatly expanded benefits, no state could require more than 20 weeks of past employment in a year. For many people it would be quite an inducement to work for 20 weeks in order to get half pay for 39 weeks—for doing nothing. In fact, the loss of dollars during this long period of unemployment would not be much, for unemployment payments are not subject to payroll deductions: no Federal or state income taxes, no social security taxes, no union dues. In addition, there would be no car-fares to pay going to or from work, and no outlay for wear and tear on one's clothes—quite an item with female workers. It could be cheaper not to work. Furthermore, the states would not be allowed to reduce unemployment benefits just because the unemployed is also receiving emoluments from other sources, such as supplementary unemployment benefits.

The 39-week minimum virtually establishes the guaranteed annual wage—the unionists' dream—for many workers who are not likely to be union members. Some seasonal industries do well to provide 20 consecutive weeks of work under any circumstances, so that their employees would be assured, under the 39-week minimum, of income for at least a full year. The canning industry is a case in point; most of the workers are teen-agers or married women who do not want to work for more than 20 weeks, and to them unemployment compensation would be manna from heaven. The actor or would-be actor who works more than 20 weeks in a year is the exception rather than the rule; drawing down a weekly check for nine additional months would enable one with little or no talent to indulge his conceit at public expense.

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STATISTICS SHOW that five out of every ten unemployed are either single persons or married women who are not the family breadwinners. These two groups are under little pressure to remain in the working force, and would have even less reason for earning their way if the K-K dole were available. In their case unemployment compensation would actually compete with earned wages.

There is another significant change. In many states only employers of four or more are taxed for unemployment compensation, while the proposed law would cover every employer, even the employer of one. Therefore, if the two partners of a haberdashery shop were to hire a clerk for the fall season, the clerk would be entitled to compensation when dropped, and if he managed things right he could collect half pay until the next fall season.

Nor does the K-K bill say anything about the legitimacy of unemployment. In most states the claimant must prove that he is not unemployed of his own free will. (Rhode Island and New York qualify the striker if the strike lasts more than six or seven weeks, respectively.) The determined malingerer, however, can easily get himself fired in order to qualify for unemployment compensation, and the record shows that voluntary unemployment is rarely counted against the claimant.

A recent Pennsylvania study revealed that $11 million was paid to pensioners, $5 million to pregnant women, $3½ million to people who quit their jobs. These and other "loop-hole" payments added to a total of more than $65 million in a single year.

The laws in most states require that the claimant must evidence a willingness to go to work, and must consider jobs offered him by the state employment agency. That, again, is no obstacle for the malingerer. It is a simple trick to fail in any written or oral test he may be put to and it is easy by a slovenly attitude during an employment interview to get oneself rejected. Besides, nobody is required to take just any job offered him; the unemployment check is an inducement to be selective.

It would be difficult to prove that unemployment compensation contributes to unemployment; but the fact remains that when the Department of Labor last year reported 4.3 million unemployed, the newspapers carried many pages of "help wanted" advertisements and very few "situations wanted" notices. It is a certainty that the bigger doles provided for in the proposed law would make the Department's figures on unemployment meaningless.

A few comparative figures—as between present and proposed standards—show up not only the burden the bill would impose on our economy but also the thinking of its proponents. In California, for example, the maximum a claimant can collect currently is $1,430; the new maximum would be $2,418. In Texas the maximum would rise from $672 to $2,028. In Vermont, from $936 to $1,794. In several states the increase would be nearly threefold; in few states would it be less than doubled. *In five of the ten leading industrial states, the maximum entitlement would exceed the per capita income.*

Not only would the bill increase the amount of money the claimant could collect, but it would lower the amount of wages he must earn to entitle him to that bonanza. In Delaware, a base-year wage of $3,584 is currently needed to get $1,040 maximum benefits; under the proposed schedule, one would have to earn only $1,860 to get $2,418. That is, one would have to demonstrate less earning ability to receive more for producing nothing. Under the present laws, it takes between two and three dollars of earned wages to qualify the unemployed for one dollar of compensation. Under the proposed schedule, seventy-seven cents or less would typically fetch a dollar.

Characteristically, the proponents of the K-K bill insist that all this largesse would not cost the country one cent more than is currently being spent on unemployment compensation. And, in fact, the "spenders" do not bring up the unpleasant subject of taxes at all. Only when one digs below the hocus-pocus of K-K does one discover how the enlarged handouts are to be financed.

IN THE FIRST PLACE, more employers (and employees) would be covered; the bill removes the exemptions of employers of four or less. There are several hundred thousands of these employers,

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lawyers, doctors, beauty parlors, shoemakers, shoe shine shops, etc.—and the haul from them would be considerable. Then there is the aforementioned provision not requiring tax concessions to employers with a good record of employment. The states could set a uniform rate for all employers, regardless of their individual employment experience. This, of course, would bring in more taxes, but it would also induce laxity in employers' hiring-and-firing policy.

Whether these additional revenues would be sufficient to meet the additional costs is questionable. No one can even estimate the amounts the states might "borrow" from the fund in the event of over-draught. However, why worry about such things? Since responsibility for the administration of the programs would tend to be shifted from the states to the Federal Government, the inference is clear that the United States Treasury would have to provide. That means more taxes on those who produce in favor of the idle, and if taxes are resisted, there is always deficit financing to fall back upon. Perhaps the sponsoring union is hopeful that the inevitable financial problem would be solved by a more complacent Congress and a more friendly President.

THE QUESTION ARISES, why are the laborites so interested in expanding the unemployment compensation program? Is it because their hearts bleed for the fellow without a job? That is the fustian of their advocacy, of course, but one can dismiss it without comment. What shows up upon examination of their proposals has nothing to do with "distress of the unemployed."

Behind the drive for 60 per cent of normal wage for 39 weeks is the use of unemployment compensation to introduce the guaranteed annual wage, without calling it so. Under union rules, workers with lower seniority ratings must be the first to be laid off when a plant curtails its operations. Unless the plant shuts down completely, those with the higher ratings enjoy the equivalent of a guaranteed annual wage. That union leaders are so-minded was demonstrated a year or so ago when the Chrysler company was compelled to reduce its output. The company instituted a share-the-work program, giving everybody work and wages for three days a week. The unions made a vigorous protest, demanding that those with higher seniority be given full weeks, even though the others received no pay. They counted on unemployment compensation and supplementary unemployment benefits to sustain the discharged employees. If the K-K plan goes into effect, those laid off would be on a substantial guaranteed wage for up to 39 weeks; under these conditions, those completely laid off might not mind their "distress" nor hold any grievance against the union.

They would get as much for not working at all as if they were employed on a 3-day work week.

There is another possible consequence of K-K legislation. As mentioned above, there are two states which include strikers on their eligibility rolls. If something like the K-K bill is enacted, the next step in "liberalization" would be to declare all strikers involuntarily unemployed and entitled to compensation. Federal control of the entire program would facilitate the introduction of this bit of "progress." What this amounts to is that the consumer would be compelled to contribute to the unions' "war chest" and thus keep a struck plant permanently closed. The only way the company could avoid meeting their demands would be to go out of business.

The sponsorship of the K-K bill is significant. Though a few maverick Republicans appear on the list, it is decidedly a Democratic measure.

This bill carries the Kennedy label, but as I have already pointed out, its 30 senatorial sponsors include Humphrey and Symington. If anyone of these three men gets into the White House in 1961, the K-K proposal may typify the kind of legislation the United States of America is in for.

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